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*Surface plant of  
Giant Yellowknife Mines  
Limited in the  
Northwest Territories.*

## REVIEW IN BRIEF

	1970	1969
Tons ore milled — total . . . .	424,774	399,647
Grade of mill feed . . . . .	0.61	0.64
Ounces gold recovered . . . . .	228,732	230,304
Gross value of production . . .	\$8,418,000	\$9,923,000
Operating income before write-offs . . . . .	1,744,000	2,805,000
Exploration expenditures . . .	199,000	309,000
Income taxes . . . . .	181,000	570,000
Net income . . . . .	1,348,000	1,899,000
Earnings per share . . . . .	0.31	0.44
Dividends paid per share . . .	0.40	0.40
Capital expenditures . . . . .	200,000	354,000
Working capital at end of year	6,324,000	6,418,000
Average price received per oz. of gold . . . . .	36.47	42.78



# GIANT YELLOWKNIFE MINES LIMITED

Head Office: 7 King Street East, Toronto 1, Ontario

Mine Office: Yellowknife, N.W.T.

## OFFICERS

President and Managing Director	D. R. DeLAPORTE
Vice-President - - - - -	G. P. MITCHELL
Secretary - - - - -	A. C. CALLOW
Treasurer and Controller - - -	J. D. KRANE
Assistant Treasurer - - - - -	J. F. GILLIES

## DIRECTORS

A. J. ANDERSON	D. R. DeLAPORTE
C. R. ARCHIBALD, Q.C.	E. L. HEALY
B. S. W. BUFFAM	W. F. JAMES
A. C. CALLOW	G. P. MITCHELL
J. DOUGLAS STREIT	

## CONSULTANT

J. M. MORTIMER - - - - - Metallurgical

## TRANSFER AGENTS AND REGISTRARS

THE STERLING TRUSTS CORPORATION  
372 Bay Street, Toronto, Ontario  
REGISTRAR AND TRANSFER COMPANY  
140 Cedar Street, New York 7, N.Y.

## BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE  
Toronto, Ontario

## AUDITORS

THORNE, GUNN, HELLIWELL & CHRISTENSON  
Toronto, Ontario

## SOLICITORS

STRATHY, ARCHIBALD, SEAGRAM & COLE  
Toronto, Ontario

## ANNUAL MEETING OF SHAREHOLDERS

Tuesday, April 13, 1971 at 10:30 a.m. (E.S.T.)  
Elizabeth Room, King Edward Sheraton Hotel,  
Toronto, Canada.



## REPORT OF THE DIRECTORS:

To the Shareholders:

The following is a report of the activities of your Company during 1970. Operating results are presented on a consolidated basis with those of your Company's subsidiaries, Lolor Mines Limited and Supercrest Mines Limited as the overall operations are integrated.

The tonnage of ore produced achieved a record figure of 424,774 tons. Revenue was lower than in 1969 because of lower ore grades mined and the unpegging of the Canadian dollar.

All gold produced during the year was sold to the Royal Canadian Mint and assistance payments were received under the Emergency Gold Mining Assistance Act. This statute has been extended in force until June 30, 1973 and the Canadian Government has announced its consideration of a further extension beyond that date.

In the prior year, 1969, gold produced by Giant and Lolor was sold on the free market for the first nine months of the year during which time the free market price was substantially higher than the combined Mint price and the assistance payments. The average price received per ounce, including assistance payments was \$40.40 in 1970 compared to \$43.95 in 1969.

Although operating costs were higher again in 1970, the costs per ton before write offs decreased both as a result of increased production and of some reduction in development activity. Costs per ounce, however, were higher due to the lower grade ore mined.

As a result of higher costs and lower revenue per ounce net earnings fell from \$1,899,000 in 1969 to \$1,348,000 in 1970. The decreased earnings did not cover the dividends paid.

### OPERATIONS SUMMARY

	1970	1969
<b>Giant</b>		
Tons milled .....	317,441	321,878
Gold ounces recovered .....	170,500	187,783
<b>Lolor</b>		
Tons milled .....	56,301	32,605
Gold ounces recovered .....	29,527	17,936
<b>Supercrest</b>		
Tons milled .....	51,032	45,164
Gold ounces recovered .....	28,705	24,585

Although considerable drilling was carried out, no significant tonnages of new ore were outlined during the year. Current estimates based on latest drilling, mining and cost information have eliminated certain tonnages from pillar blocks and stoping areas in the Giant mine. Favourable target areas for exploration drilling are becoming scarce on the Giant property. A gain in the reserves was made below the 750-level in the Supercrest mine.

## OPERATING COSTS

Consolidated operating costs per ton before write-offs at \$17.62 were down from \$18.24 in 1969. The reduction in unit costs in part reflects the higher tonnage throughput and in part the lower activity of development work. Operating costs per ounce were higher than in the prior year because of lower ore grades mined.

## CAPITAL EXPENDITURES

Expenditures on construction and replacement of fixed assets totalled \$200,000 in 1970, as follows:

Housing and Bunkhouses .....	\$ 52,500
Equipment for Mine and Treatment Plant .....	60,000
Additions to Heating Plant .....	87,500

## UNDERGROUND OPERATIONS

### Giant Mine

Tons milled from Giant of 317,441 were lower than the 1969 tonnage of 321,878 due to the continued mining from a high proportion of small stopes. Grades were lower than anticipated in some of the larger stopes so that gold output was below that of 1969.

Lateral development was well down from last year due to the rescheduling necessitated by some major changes in reserves. Raise activity was as scheduled.

Although considerable diamond drilling was done, only small tonnages were added to reserves. These were more than off-set by large deletions made necessary after a thorough revision of blocks using information gained from both mining and drilling.

### Lolor Mine

Tonnage and gold production were well over the 1969 figure. Grade of ore was down.



Consolidated	1970	1969
Total tons milled .....	424,774	399,647
Average tons per day .....	1,164	1,095
Calculated mill heads oz. gold per ton .....	0.61	0.64
Gold ounces .....	228,732	230,304
Silver ounces .....	41,269	34,405
Operating costs per ton before write-offs .....	\$17.62	\$18.24
* Gross value of production .....	\$8,418,068	\$9,922,765
(E.G.M.A. assistance payment not included.)		

## FINANCIAL SUMMARY

	1970	1969
Operating profit before write-offs .....	\$1,744,000	\$2,805,000
Income taxes .....	181,000	570,000
Net income .....	1,348,000	1,899,000
Earnings per share .....	0.31	0.44
Dividends paid per share .....	0.40	0.40

## ORE POSITION

Estimates of developed ore at year end including dilution allowance were as follows:

	1970		1969	
	Tons	Oz. Gold per ton	Tons	Oz. Gold per ton
<b>Giant</b>				
Active stopes .....	455,800	0.67	710,000	0.70
Pillars .....	47,500	0.77	86,000	0.73
Other developed ore .....	158,900	0.62	348,500	0.68
	<u>662,200</u>	<u>0.67</u>	<u>1,144,500</u>	<u>0.69</u>
<b>Lolor</b>				
Active stopes .....	251,000	0.67	194,000	0.68
Other developed ore .....	5,100	0.54	146,000	0.63
	<u>256,100</u>	<u>0.67</u>	<u>340,000</u>	<u>0.66</u>
<b>Supercrest</b>				
Active stopes .....	124,000	0.65	121,800	0.69
Pillars .....	5,900	0.66	7,200	0.70
Other developed ore .....	18,300	0.71	—	—
	<u>148,200</u>	<u>0.66</u>	<u>129,000</u>	<u>0.69</u>
Total developed ore .....	<u>1,066,500</u>	<u>0.667</u>	<u>1,613,500</u>	<u>0.686</u>

Drifting in Lolor ground was completed during the year. Raising was accelerated in order to conclude development in the upper part of the ore zone. Only minor drilling was done and no additions were made to reserves.

### **Supercrest Mine**

Both tonnage and grade increased over the 1969 figure and as a result bullion output was well up. Most of the production was obtained from above 750-level however two blocks on the 110 level also contributed.

Lateral development was down considerably from last year. Raise advance was less than planned due to a late start on the 950 sub level. Development of stopes above the 1100-foot level was on schedule by year end, and there should be no difficulty in obtaining ore from Lower Supercrest to replace production from the Upper area as it is phased out in the latter part of 1971.

Underground diamond drilling expenditures were high in order to fully define the ore between the 750 and 1100-foot levels. About 70,000 tons were added to reserves.

## **OUTSIDE EXPLORATION**

### **Northbelt Yellowknife Mines Limited**

A detailed air photo interpretation of the Northbelt property was undertaken in an attempt to identify structures similar to those existing on the Giant property before committing any additional funds for diamond drilling. Some encouragement was received and follow-up ground work is being considered.

Expenditures in 1970 were \$20,702 bringing total outlay under the agreement to \$234,214. As of December 31, 1970, Giant held a 51.4 per cent share interest in the capital of Northbelt.

### **Other areas**

Outside exploration was actively pursued throughout the Northwest Territories although expenditures were somewhat less than last year.

Four properties were drilled with negative results. Two were examined as uranium prospects and another for rare earths. A nickel prospect in the Hanbury Area was dropped because of disappointing results.

Geological mapping was done on two copper prospects in the East Arm of Great Slave Lake but results there were also disappointing. Base metal prospects in the Keewatin District were visited and follow-up work is anticipated in 1971.



Claims in the Vangorda area, Yukon Territory, continued under option to Mercury Exploration Limited (N.P.L.).

## GENERAL

The labour situation continued to improve with turnover showing a marked reduction during the latter part of the year. There were some shortages in skilled categories.

Under the terms of the Collective Bargaining Agreement, a two per cent wage increase was made April 1, 1970. A new two-year agreement was negotiated effective October 1, 1970 granting an average five per cent wage increase in the first year and a similar increase in the second year. Substantial increases in fringe benefits were also granted.

## IN TRIBUTE

The Directors record with deep regret the sudden passing of Mr. J. T. McWhirter in June, 1970. His valuable counsel and experience as Treasurer of your Company since 1959 and in all matters relating to the Company's affairs is acknowledged.

## ACKNOWLEDGEMENTS

Your Directors gratefully acknowledge the efficient services rendered by Mr. D. J. Emery, Mine Manager, his staff and employees.

On behalf of the Board,

D. R. DeLAPORTE,  
President and Managing Director.

Toronto, Ontario,  
February 15, 1971.



# GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)  
and its subsidiary companies

## CONSOLIDATED BALANCE SHEET

### ASSETS

#### CURRENT ASSETS

	1970	1969
Cash .....	\$ 76,325	\$ 94,017
Bullion at net realizable value .....	759,132	2,296,617
Short term securities at cost which approximates market value .....	5,112,560	3,829,317
Accounts and accrued interest receivable .....	190,064	139,917
Emergency gold mining assistance receivable .....	727,027	538,583
Income taxes recoverable .....		90,782
	<u>6,865,108</u>	<u>6,989,233</u>

#### FIXED ASSETS

Buildings, machinery and equipment at cost .....	14,996,862	14,809,517
Less accumulated depreciation .....	13,817,635	13,432,586
	<u>1,179,227</u>	<u>1,376,931</u>
Mining claims and properties at cost .....	2,096,214	2,096,637
	<u>3,275,441</u>	<u>3,473,568</u>

#### OTHER ASSETS

Supplies at average cost .....	779,727	820,022
Shares in and advances to other mining companies at cost .....	303,195	301,195
Other assets and deferred charges .....	510,690	561,127
	<u>1,593,612</u>	<u>1,682,344</u>
	<u>\$11,734,161</u>	<u>\$12,145,145</u>

### AUDITORS' REPORT

To the Shareholders of  
GIANT YELLOWKNIFE MINES LIMITED

We have examined the consolidated balance sheet of Giant Yellowknife Mines Limited and its subsidiary companies as at December 31, 1970 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
January 26, 1971

THORNE, GUNN, HELLIWELL & CHRISTENSON,  
Chartered Accountants.



# STATEMENT—DECEMBER 31, 1970

(with comparative figures at December 31, 1969)

LIABILITIES			
CURRENT LIABILITIES			
	1970	1969	
Accounts payable and accrued liabilities .....	\$ 523,890	\$ 510,739	
Income taxes payable .....	3,302		
Government royalties payable .....	14,356	60,251	
	<u>541,548</u>	<u>570,990</u>	
MINORITY INTEREST			
Interest of minority shareholders in subsidiary companies .....	451,057	459,568	
SHAREHOLDERS' EQUITY			
Capital stock			
Authorized — 4,500,000 shares without par value			
Issued — 4,303,050 shares .....	5,700,000	5,700,000	
Contributed surplus .....	2,637,276	2,637,276	
Retained earnings .....	2,404,280	2,777,311	
	<u>10,741,556</u>	<u>11,114,587</u>	
Approved by the Board:			
D. R. DeLAPORTE, Director.			
B. S. W. BUFFAM, Director.			
	<u>\$11,734,161</u>	<u>\$12,145,145</u>	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1970

### 1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Lolor Mines Limited, in which 87½% of the common shares are held, and Supercrest Mines Limited, in which 50% (332,506 shares) of the 665,010 shares are held.

### 2. INCOME TAXES

For the 1969 fiscal year, deductions for income tax purposes for depreciation and other expenses exceeded the amounts charged to income in the accounts; as a result, income taxes for 1969 have been reduced by \$220,000. For the 1970 fiscal year, such deductions for income tax purposes were approximately equal to the amounts charged to income in the accounts.

At December 31, 1970 depreciation and other expenses yet to be deducted for tax purposes by Giant Yellowknife Mines Limited are approximately equal to the net book value of the related assets.

### 3. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of directors and senior officers, as defined by The Business Corporations Act, 1970 of Ontario, amounted to \$116,700 for 1970 and \$107,877 for 1969.



# GIANT YELLOWKNIFE MINES LIMITED

(Incorporated under the laws of Ontario)  
and its subsidiary companies (note 1)

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
Balance at beginning of year .....	\$2,777,311	\$2,599,747
Net income for the year .....	1,348,137	1,898,732
	<u>4,125,448</u>	<u>4,498,479</u>
Deduct dividends paid — 40¢ per share .....	1,721,168	1,721,168
Balance at end of year .....	<u>\$2,404,280</u>	<u>\$2,777,311</u>

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
Source of funds		
From operations		
Net income for the year .....	\$1,348,137	\$1,898,732
Depreciation and amortization .....	421,535	431,670
Minority interest in losses of subsidiary companies .....	(8,510)	(48,737)
	<u>1,761,162</u>	<u>2,281,665</u>
Special refundable tax .....		30,626
Other sources .....	65,351	
	<u>1,826,513</u>	<u>2,312,291</u>
Application of funds		
Dividends paid .....	1,721,168	1,721,168
Additions to fixed assets, less disposals .....	200,028	354,007
Other applications .....		250,706
	<u>1,921,196</u>	<u>2,325,881</u>
Decrease in working capital .....	<u>\$ 94,683</u>	<u>\$ 13,590</u>



# CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1970

(with comparative figures for 1969)

	1970	1969
<b>REVENUE:</b>		
Gold and silver production .....	\$8,418,068	\$ 9,922,765
Deduct marketing expenses .....	89,807	98,744
	8,328,261	9,824,021
Emergency gold mining assistance .....	900,000	270,000
	<u>9,228,261</u>	<u>10,094,021</u>
<b>EXPENSES:</b>		
Operating expenses .....	7,220,602	6,978,261
Government of Canada royalty .....	5,600	55,000
Administrative and corporate expenses .....	257,790	255,862
Depreciation and amortization of mine development expenditures .....	421,535	431,670
	<u>7,905,527</u>	<u>7,720,793</u>
Operating income .....	<u>1,322,734</u>	<u>2,373,228</u>
Deduct exploration expenditures		
Contiguous Yellowknife properties .....	20,702	59,048
Other areas .....	177,856	249,809
	<u>198,558</u>	<u>308,857</u>
	1,124,176	2,064,371
Interest earned .....	396,451	355,624
	<u>1,520,627</u>	<u>2,419,995</u>
Income taxes (note 2) .....	181,000	570,000
	<u>1,339,627</u>	<u>1,849,995</u>
Minority interest in losses of subsidiary companies (note 1) .....	8,510	48,737
Net income for the year .....	<u>\$1,348,137</u>	<u>\$ 1,898,732</u>
Earnings per share .....	<u>\$ .31</u>	<u>\$ .44</u>

## COMPARATIVE STATEMENT OF

Fiscal Year Ended May 31	Tons Milled	Calculated Mill Heads Per Ton	Estimated E.G.M. Assistance	Net Value of Metals Recovered	Average Price Per Ounce of Gold	Operating Cost Before Write-offs	Operating Cost Per Ton
1949	84,886	0.815	\$ 511,020	\$ 1,962,340	\$ 35.00	\$ 1,467,133	\$ 17.28
1950	126,214	0.708	354,326	2,986,457	37.46	1,826,453	14.47
1951	151,814	0.842	267,874	4,158,038	37.35	1,997,073	13.15
June 30							
1952	165,846	0.755	615,000	3,854,137	35.79	2,658,570	16.03
1953	245,559	0.846	680,000	6,012,389	34.20	3,561,546	14.51
1954	275,985	0.785	965,000	6,045,327	34.26	3,704,451	13.42
1955	286,742	0.761	700,000	5,876,857	34.16	3,912,978	13.65
1956	297,582	0.765	120,000	6,235,926	34.76	4,284,385	14.40
1957	309,673	0.795	105,000	6,396,699	33.75	4,234,517	13.67
1958	289,220	0.795	340,000	5,331,448	33.85	3,872,120	13.39
1959	321,002	0.784	280,000	6,397,770	33.81	4,048,047	12.61
June 29							
1960	361,601	0.784	13,687	7,649,230	33.50	4,338,972	12.00
Dec. 31							
1960	181,101	0.795	-----	4,080,679	34.63	2,529,960	13.96
1961	366,515	0.779	-----	8,507,473	35.73	4,755,387	12.97
1962	375,820	0.763	-----	9,445,300	37.56	4,743,728	12.62
1963	388,190	0.713	-----	9,254,173	37.76	4,758,936	12.26
1964	400,606	0.745	-----	10,120,070	37.62	4,789,045	11.95
1965	395,001	0.722	-----	9,565,401	37.68	5,087,109	12.88
1966	384,271	0.652	-----	8,517,823	37.99	5,191,314	13.51
Consolidated							
1967	319,876	0.670	-----	7,204,874	37.99	4,990,864	15.60
1968	374,717	0.634	283,000	8,739,180	41.60	6,005,179	16.03
1969	399,647	0.640	270,000	9,824,021	42.78	7,289,123	18.24
1970	424,774	0.607	900,000	8,328,261	36.47	7,483,992	17.62
	<u>6,926,642</u>	<u>0.734</u>	<u>\$6,404,907</u>	<u>\$156,493,873</u>	<u>\$ 36.57</u>	<u>\$97,530,882</u>	<u>\$ 14.08</u>



## PRODUCTION AND EARNINGS

Operating Profit Before Write-offs	Operating Profit Per Ton	Write-offs and Outside Exploration	Non-Operating Income	Income Tax	Minority Interest	Net Profit	Dividends Declared
1,006,227	\$ 11.85	\$ 845,465	\$ 6,790	\$ -----	\$ -----	\$ 167,552	\$ -----
1,514,330	12.00	1,018,886	5,237	-----	-----	500,681	-----
2,428,839	16.00	1,229,283	6,334	-----	-----	1,205,890	-----
1,810,567	10.92	1,631,556	7,981	-----	-----	186,992	-----
3,130,843	12.75	1,632,533	4,906	-----	-----	1,503,216	800,000
3,305,876	11.98	1,808,594	22,793	12,000	-----	1,508,075	1,600,000
2,663,879	9.29	1,690,938	14,728	4,000	-----	983,669	1,400,000
2,071,541	6.96	1,305,198	71,219	-----	-----	837,562	1,200,000
2,267,182	7.32	1,304,011	51,901	4,000	-----	1,011,072	600,000
1,799,328	6.22	1,070,897	59,919	4,000	-----	784,350	1,200,000
2,629,723	8.19	1,043,148	51,060	85,000	-----	1,552,635	1,200,000
3,323,945	9.19	1,183,330	103,858	490,000	-----	1,754,473	1,800,000
1,550,719	8.56	799,281	86,158	-----	-----	837,596	860,541
3,752,086	10.24	1,519,007	160,058	-----	-----	2,393,137	1,936,290
4,701,572	12.51	967,313	245,321	(30,477)	-----	4,010,057	3,012,027
4,495,237	11.58	815,261	308,635	-----	-----	3,988,611	4,302,903
5,331,025	13.31	789,125	332,850	-----	-----	4,874,750	4,302,910
4,478,292	11.34	736,696	449,827	580,000	-----	3,611,423	4,302,917
3,326,509	9.55	915,220	308,537	620,000	-----	2,099,826	2,581,752
2,214,010	6.92	885,351	363,849	300,000	(34,043)	1,426,551	1,721,167
3,017,001	8.05	640,000	358,715	720,000	25,550	1,990,166	1,721,168
2,804,898	7.02	740,527	355,624	570,000	(48,737)	1,898,732	1,721,168
1,744,269	4.11	620,093	396,451	181,000	(8,510)	1,348,137	1,721,168
65,367,898	\$ 9.44	\$25,191,713	\$3,772,751	\$3,539,523	(\$65,740)	\$40,475,153	\$37,984,011

## MINE OPERATING OFFICIALS

[illegible]

Mr. H. C. McCorquodale, Chief Assayer, (right) on the occasion of his 25th anniversary at Giant Yellowknife Mine, N.W.T., with Mrs. McCorquodale and Company President, Mr. D. R. Delaporte.













